



# Turkey: Paper and Related Products

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## Summary

This market research includes information on the following sub-sectors: Kraft paper and paperboard, hygienic, feminine, and baby products, packaging, stationery, newsprint, books, and school/office supplies, and cigarette paper.

The Turkish paper industry dates back to 1934 with the establishment of the state-owned paper and pulp producer, SEKA. Until its recent privatization, SEKA dominated the industry, particularly in kraft paper, cigarette paper and newsprint.

Due to privatization, the public sector share in both production and capacity has dropped from the 1960 level of more than 90 percent to around 22 percent in 2001. Turkey mainly imports from northern European countries, due to quality and price compatibility.

Although waste paper recovery/recycling is steadily increasing, it still falls short of maximum capacity. Most foreign investment has come about as joint ventures in the paper packaging sector. Hygienic paper is now a growing sub-sector, having doubled in consumption in recent years. Overall, the best hope for the Turkish paper sector lies in higher levels of domestic consumption, and indirect exports through food and textiles, which would increase packaging demand.

The total number of companies in Turkey engaged in production or sales of stationery and office products and books is around 16,000. There are more than 50,000 sales outlets and distributors throughout Turkey.

## Market Demand

Turkey's population is about 76 million. The size and the rate of population growth are higher than most European countries. When compared with many other countries, Turkey's population is relatively young; the median age is 27. Thus, the relatively high number of students means good potential for the stationery and paper market in Turkey.

Paper consumption shows a significant growth trend despite being highly vulnerable to economic crisis. Paper recovery and production have also been increasing for the last 22 years; however, in 2002, the Cellulose and Paper Foundation predicted that the growth rate would decrease from around 10 percent to 2 percent in line with slowing population growth.

Turkey's paper industry has had an average growth rate of 10 percent per annum, having increased over 27 percent in total domestic sales in 2001, but retreating to a 6 percent increase in 2002. As mentioned, hygienic paper has the most promising future, doubling its consumption in the last six years.

Imports of paper and paper products have increased with Turkey's 1996 entry into the EU Customs Union, due to exemption of tariffs from EU countries and decreased tariffs from other countries. The main paper-related import items are corrugated cardboard boxes, newsprint, writing paper, paperboard, kraft paper and wrapping paper.

## Market Data

### The Importance of SEKA

There are 36 domestic producers in this sector with a 2.1 million-ton/year production capacity. SEKA is virtually the sole domestic producer in three of the sub-sectors: newsprint, kraft, and cigarette paper. The only major sub-sector in which it has had no presence since 1988 is hygienic paper – the fastest growing sub-sector. SEKA's seven paper and paperboard factories have 29 percent of the total industry capacity.

**SEKA Plants and Annual Capacity**  
**'000 Tons**

<b>Location</b>	<b>Product</b>	<b>Capacity</b>
Izmit	Various paper, sheet paper, laminated sheet paper	120.0
Zonguldak/Caycuma	Kraft paper	75.0
Giresun/Aksu	Newsprint	82.5
Mugla/Dalaman	Paper and Paperboard	75.0
Balikesir	Newsprint	100.0
Mersin/Silifke	Kraft paper	155.0
Kastamonu/Taskopru	Cigarette Paper	10.2
<b>Total</b>		<b>617.7</b>
Afyon/Cay	Cellulose	50.0
<b>Grand Total Including cellulose</b>		<b>667.7</b>
Source: Privatization Administration		

All premises of SEKA have been privatized. In 2005, the SEKA factories were turned over to Sumer Holding located in Ankara. Privatization will offer foreign companies the chance to develop joint venture partnerships in a market with an estimated potential investment size of between \$41 to \$52 million. The associated job creation potential is for over 1,000 people.

SEKA generally consumes wood as raw material while the private sector, including companies in corrugated cardboard and paperboard production such as Olmuksa Edirne, Kartonsan, and Cukurova Packaging Group, use scrap paper and imported cellulose. Turkey imports around 200-240,000 tons/year of cellulose. The waste paper recovery percentage increased from 33.3 percent in 1996 to 43.8 percent in 2001, which is still lower than the ideal level of 70 percent. In volume, this reached 1.4 million tons in 2002 from 638,000 tons in 1996; over 60 percent of this represented corrugated cardboard boxes.

### Turkey and the World Paper Industry

According to the Turkish Paper and Cellulose Foundation (TKSV) and Pulp & Paper International (PPI), Turkey ranked 28th in world paper and paperboard production, and 52nd in cellulose production. It ranked 58th in per capita consumption at 33.2 kg/yr.

Comparing Turkey's figures with those of the developed countries shows that Turkey is an unsaturated market in terms of consumption. Per capita consumption in North America is 323 kg; in European countries 211 kg; in Latin America 35.5 kg, and in Asia 28 kg. The world average is 54 kg. The combined average world paper market growth rate is 2-3 percent per annum. Developing countries are seeing a much healthier growth rate of 6-7 percent per annum. The Turkish Paper and Cellulose Industry Foundation (TKSV) predicts that consumption will eventually reach the world average once integration with the EU advances. North America and European countries maintain around 58-60 percent of the total paper and paperboard production and consumption.

**Leading Countries for Cellulose, Paper and Paperboard Production &  
Consumption, 2000  
Mn Tons**

		<b>Cellulose Production</b>		<b>Paper &amp; Paperboard Production</b>		<b>Paper &amp; Paperboard Consumption</b>
1 <sup>st</sup>	USA	57.0	USA	85.5	USA	85.5
2 <sup>nd</sup>	Canada	26.4	Japan	31.8	China	31.8
3 <sup>rd</sup>	China	17.2	China	30.9	Japan	30.9
4 <sup>th</sup>	Finland	11.9	Canada	20.7	Germany	20.7
5 <sup>th</sup>	Sweden	11.5	Germany	18.2	England	18.2
6 <sup>th</sup>	Japan	11.4	Finland	13.5	France	13.5
7 <sup>th</sup>	Brazil	7.5	Sweden	10.8	Italy	10.8
8 <sup>th</sup>	Russia	5.8	France	9.9	Canada	9.9
9 <sup>th</sup>	Indonesia	4.1	N. Korea	9.3	N. Korea	9.3
10 <sup>th</sup>	Chili	2.8	Italy	9.0	Spain	9.0
11 <sup>th</sup>	France	2.5	Brazil	7.2	Brazil	7.2
12 <sup>th</sup>	Norway	2.4	Indonesia	6.9	Mexico	6.9
13 <sup>th</sup>	Australia	4.4	England	6.6	Taiwan	6.6
14 <sup>th</sup>	India	1.4	Russia	5.2	Holland	5.2
15 <sup>th</sup>	Germany	1.3	Spain	4.9	India	4.9
52 <sup>nd</sup>	Turkey	0.4	28th Turkey	1.6	20th Turkey	3.3
Source: PPI 200 Year Book						

Overall world paper and paperboard production is estimated to have dropped to 316 million tons in 2001 from 323 million tons in 2000. Similarly, the solid wood sector did not have a good year in 2001. Prices for most forest and paper products fell substantially during 2001, overturning the gains made in 2000.

The number of producers is declining whereas capacity per plant is rising, thereby increasing the share value of the leading 150 companies. Turkish production capacity per plant increased from around 33,000 to 60,000 tons in 2000. SEKA is among the top 150 major producers in the world.

#### Capacity

The total sector production capacity is 2.1 million tons/year, of which 75 percent is accounted for by private companies. Fifty percent of total capacity is in the Marmara Region. Most recent investments for capacity increase were in production for printing and publishing papers, hygienic paper and machinery upgrading.

### Capacity of the Paper Industry, 2002

Product	'000 Tons
Newsprint	182,500
Writing Paper	316,080
Wrapping Paper	51,620
Corrugated Cardboard	1,021,000
Craft Paper	75,000
Paperboard	346,100
Hygienic Paper	152,500
Cigarette and Special Tobacco Paper	10,200
Total	2,155,000

Source: Turkish Cellulose and Paper Foundation

### Paper Industry Foreign Trade, 1998 – 2002 '000 Tons

	1998	1999	2000	2001	2002
Imports	1,138	1,138	1,018	627	698
Exports	128	121	64	130	147
Exports/Imports, %	11.2	10.6	6.3	20.7	21.1

Source: State Planning Office

The total sector raw material usage breakdown for 2001 was 45 percent in recycled paper, 36 percent in pulpwood, 12 percent in imported cellulose, and 7 percent in natural fibre-straw linen, hemp and reed. SEKA generally consumes pulpwood, whereas the private sector companies' waste paper consumption ratio to raw material is 76 percent. The hygienic paper producers import most of their raw materials. To sum up, industrialists claim that the industry would accelerate in growth by:

- The introduction of the EU *acquis* environmental chapters,
- Increasing exports,
- An average 1.5 percent population increase per year.

### Best Prospects

Packaging, printing and newsprint, paper for schools and office supplies, and hygienic paper are sub-sectors of particular interest to U.S. suppliers; we urge the latter to pay close attention to reporting on their market development:

#### Packaging

The Turkish packaging industry is developing fast. In recent years, investments in the sector have accelerated, the number of items produced has increased and quality has improved. The number of manufacturers in the industry has increased as well. Prominent end-users of packaging materials are general food sector, including hypermarkets and supermarkets, pharmacies, and the cosmetic industry.

The increase in the population and living standards, rapid urbanization, changing consumption patterns, the increase in women in business and increase of exports, mainly in consumer products, all have resulted in higher demand for packaging products. The growth of the sector reflects changing shopping habits, particularly in the large cities with their supermarkets, department stores and hypermarkets. Increased advertisement of consumer products, attractive point-of purchase packaging, and the boom in sales of canned and frozen food, apparel, and

disposable medical supplies, all of which require specialty packaging are other factors for the expansion of the packaging sector.

Turkey produces all types of packaging materials and packaging products, such as paper, cardboard, wrapping film, tape, plastic, glass, metal and wood. The necessity to suit products with appropriate packaging has led to the use of new technologies. The result is better product protection and extended shelf life.

There are about 5,000 companies manufacturing various packaging materials in Turkey. Most of the companies are medium size; there are a few large companies. 18 packaging manufacturers are among the biggest 500 companies in Turkey in terms of turnover. The companies in the sector have shown very good performance in terms of quality and production capacity. Companies in the packaging industry are concentrated in Istanbul, Izmir, Kocaeli, Gaziantep, Adana, Ankara, Konya and Balikesir.

The annual consumption of packaging products is about 2.8 million tons. The breakdown of packaging products consumption in Turkey is 37 percent for flexible packaging paper, carton and corrugated board packaging, 13 percent for wood packaging and 8 percent for glass packaging.

Metal packaging—aluminum, tin and stainless steel—has made significant inroads into the paper packaging market here. It is supplied to the market in different forms. Production capacity has reached 500 000 tons for both steel packaging (for vegetable oil, pickles, mineral oil, paint and other chemical drums and boxes for food, beverages, aerosol and beverage lids, glass jar lids) and aluminum packaging (for all kinds of food and non-food items). Production of metal packaging, which was 100,000 tons in 1996, reached about 300,000 tons in 2003 and accounts for approximately 10 percent of the packaging industry's production.

#### **Production of Packaging in Turkey (Quantity: Tons)**

<b>Packaging</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Paper Packing	73.489	80.000	87.000
Carton Packaging	117.333	118.000	138.542
Corrugated board packaging	666.674	734.202	826.878

Low prices from the Far East and the former Soviet countries during the economic downturn in 1998 led to increased imports of printing and publishing paper. The purchasing policies of international cigarette producers determine the volume of cigarette paper imports.

The export to import ratio was generally around 10 percent in favor of imports before the economic crisis of 2000 and 2001. The main reason for low exports was the high cost of domestic products. After 2001, industrialists focused on exports and the exports increased to around 20 percent.

Paper carton and corrugated board products have become one of the leading sectors of the packaging industry and account for approximately 33 percent of the packaging industry's production. The paper, carton and corrugated board sector in Turkey has a total capacity of 1,833,820 tons.

#### **Printing and Newsprint**

Although SEKA's Aksu and Balikesir premises are the only newsprint production plants in Turkey, their technology lags behind similar plants in the EU, EFTA and the United States. Their production level is also low.

According to the 8th Five Year Development Plan, production costs for printing/newsprint in Turkey are higher than those in the EU, EFTA and the United States. Raw and auxiliary materials contribute the highest cost followed by the cost of labor. Energy is the third highest cost item, but in some production cases, it ranks in second place. Large companies such as Kartonsan, Modern, Mopak Kagit, Ipek Kagit and Toprak Kagit have established co-generation systems to try to reduce energy costs.

### Paper for Schools and Office Supplies

The total market for school and office supplies in Turkey (excluding large machinery, computers, and furniture) was approximately \$1.1 billion in 2002. This amount is estimated to have reached approximately \$1.3 billion in 2003. Of the total market, imports account for approximately 30 percent. The 2001 economic crisis in Turkey caused a downturn in expected growth for all sectors, but the school and office supplies sector was not affected as severely as the other sectors, and appears to have continued rapid growth through 2004 and 2005. Longer-term prospects offer even greater opportunities for U.S. suppliers.

The officials of the All Stationery Importers, Manufacturers and Wholesalers Association (TUKIAD) state that the Turkish consumer (as well as the Association) is displeased with the poor quality of the products imported from the Far East and brought into Turkey by the suitcase trade. The TUKIAD officials state that Turkey's entrance to European Union membership would raise the standards of imports and sales of school and office supplies, thus opening greater venues for American and European firms in the Turkish market.

The total number of companies in Turkey engaged in production or sales of stationery, office products, and books is around 16,000 and they have more than 50,000 sales outlets and distributors throughout Turkey.

The Turkish stationery sector is described as strong and Turkey exports to many countries, including European and Middle Eastern markets. The top Turkish stationery firms are Mopak, Kombasan, Ceka, DeryaFormtex, Helvacioğlu, Cifcioglu A.S., Mas, and Scrikas. These companies may offer good opportunities for U.S. firms as joint venture partners.

### Hygienic Paper

In the hygienic paper sub-sector, Ipek, Toprak and Viking are the three major players. These three companies hold half of the total domestic market in Turkey. Ipek is a 50/50 joint venture company formed between Eczacıbasi Holding and Fort James, the largest hygienic paper manufacturer in the United States and Europe. It holds ISO 9002 certification. These three large-scale manufacturers have the same technology as their world counterparts. They supply their products to hypermarkets, supermarkets, pharmacies, and neighborhood shops.

The hygienic paper sub-sector consumes either 100 percent waste paper or 100 percent cellulose. However, due to the demand for whiteness the industry uses more cellulose than waste paper.

Most leaders in the sector have international quality standards: Copikas, Dentas, Ipek Kagat, Kahraman Maras, Kartonsan, Marmara Kagit, Olmuksa and Tirekutsan have been awarded ISO 9002, Toprak Kagit ISO 9003 and Viking Kagit ISO 9001 certification.

## **Key Suppliers**

On the domestic side, please refer to the analysis of SEKA, presented above.

Major third country suppliers are China, Japan and other Far Eastern countries, Germany, Austria, Canada, France, Holland, Belgium, and Italy. Some of the key third-country competitors are:

- Gestner (Germany) - paper
- Faber-Castell (Germany) - pens and pencils
- Schaffer (Germany) - all types office equipment and stationery
- Klio-Eterna (Germany) - promotional products
- Cartiere Milliani Fabriano Spa. (Spain) - paper
- O'Harris BV (Holland) - stencil and hobby products
- Daler-Rownet Ltd. (U.K.) - drawing and painting pads, oil colors
- Foms STRL (Italy) – easels, spatulas, dippers, compressors

- Maries Printing Co. (China) - art materials
- Dahle (Germany) - scissors, paper cutters, document shredders, writing boards and pencil sharpeners
- Ibico (Italy) - binding machines, plastic and wire binding supplies
- Haff GmbH (Germany) - measuring and drawing instruments
- Carte Blanche Greetings (U.K.) - greeting cards
- Neusiedler AG (Germany) - paper
- Renz (Germany) - binding systems
- SDI-Hand (Taiwan) - all types of stationery
- Skrebba (Germany) - all types of office supplies and stationery
- Maped (France) - erasers and school supplies
- Colart-Tianjin (China) – water-based paints
- Hoomark (Holland) - offset and kraft paper
- Lantzis S.A. (Greece) - solvent and hot-melt adhesive tapes

Prominent U.S. suppliers include:

- Avery-Dennison - self-adhesive labels
- 3M - paper and inkjets
- Hallmark - cards, cups, and toys
- Pantone - color matching systems
- Excel Co. - hobby products
- Office 1 Superstore - all types of school and office equipment, supplies and stationery
- Martin Weber Co. - oil color products
- Paper Mate - erasable pens, gel-rollers, ballpoint pens, and mechanical pencils
- Parker – pens, including pens with 18K gold nib highlighted with platinum
- Cross - pens and office accessories
- Xerox - office supplies, photocopy paper and inkjets
- Looney Tunes - paper, stationery products
- Disney - stickers
- Paasche – brushes

## Prospective Buyers: Demand

**Turkey's Paper Consumption, 1997 – 2002**  
**'000 Tons**

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Writing Paper	368	391	379	452	229	252
Newsprint	372	334	328	475	294	318
Wrapping Paper	156	159	136	77	23	25
Kraft Paper	108	117	103	112	78	87
Corrugated Cardboard	709	724	706	850	772	794
Paperboard	229	255	244	443	318	337
Cigarette Papers, etc.	27	30	28	9	13	15
Hygienic Papers	57	72	86	108	97	103
<b>Total</b>	<b>2,026</b>	<b>2,082</b>	<b>2,010</b>	<b>2,526</b>	<b>1,824</b>	<b>1,931</b>



Consumption exceeded domestic production by 30 percent in 2002. It had previously been around 40 percent. Low import prices for corrugated cardboard boxes and paperboard have shaken up the market, forcing local producers to lower their own prices in order to remain competitive. The industry aims to improve efficiency and thus utilize a higher percentage of domestic production capacity.

Note: The main consumers in Turkey of office and school supplies (not including books) are:

- (a) The Turkish government, which procures through open bid for government offices;
- (b) state-run and private schools, which procure these supplies for their teachers and staff personnel through government tenders;
- (c) the mass consumer market, which consists of students, office workers, and the general population who buy stationery products for their own use.

## Foreign Investment

According to the records of the Under Secretariat of the Treasury, as of February 2003, the paper industry had 26 foreign capital companies operating in Turkey. The share of the industry of total foreign capital is 0.015 percent.

**Foreign Investors, January 1954 – February 2003**

Company	City	Origin of Foreign Shareholder	Share Holders
As-Mar Mardin Kagit Torba	Mardin	Northern Cyprus	Vedat Celik
Astel Kagitcilik	Istanbul	Belgium	Diger Ort.
Astel Kagitcilik	Istanbul	Belgium	Ontex N.A.
Avery Dennison	Istanbul	U.S.A.	Avery Dennison Corp.
Avery Dennison	Istanbul	England	Avery Dennison UK Ltd.
Beto Kagit ve Kimyaevi Mad. Alderaziz	Istanbul	Jordan	Abdelhamid Regheb Abdelhamid
Drescher Kagit ve Basim Sanayi	Izmir	Germany	Dresher GmbH & Co. Pap. Kg.
Ekopak Ambalaj	Istanbul	Macedonia	Kosta Angelov
Ekopak Ambalaj San.	Istanbul	Macedonia	Kalay Angelova
Fany Soft Kagit Sanayi	Adana	Syria	Soubhi Issa
As-Mar Mardin Franpack Istanbul Kagit Torba San.	Istanbul	Germany	Frantschach Ind. Packaging
Ipek Kagit Sanayi	Istanbul	Holland	Georgia Pacific B.V.
Kontas Komputer Kagit	Istanbul	Denmark	Peter Preifer
Presthyg Hijyenik Saglik Urunleri	Hatay	USA	Sanap Ltd.
Sca Packaging Ambalaj San.	Kocaeli	Holland	Sca Packaging Europe
Selkasan Kagit ve Paketleme Mlz.	Manisa	Holland	Sca Packaging Europe Bv.



Tuksan Tuvalet Kagadi San.	Istanbul	Sweden	Fanloks A.S.
Tuksan Tuvalet Kagidi San.	Istanbul	Sweden	American Tradeway Int. Co.
Virax International Kagit Urunleri	Istanbul	Italy	Virax Borghi Italia S.R.L.
Virax International Kagit Urunleri	Istanbul	Italy	Immobiliare Mama S.R.L.
Elsam Kagit Isletme ve Basim	Ankara	Syria	Samir Lababidi
Elsam Kagit Isletme ve Basim	Ankara	Syria	Amir Lababidi
Hayat Temizlik ve Saglik Urunleri	Istanbul	Bulgaria	Hayat Bulgaua Kembel Ltd.
Optima Ziraat Urunleri	Istanbul	Israel	Era Optima Ltd.
Ovisan Sihhi Bez Sanayi	Istanbul	Holland	H-K Overseas Bv.

Source: Undersecretariat of Turkey

### New Investment Incentives

The industry is renovating its technology and investing in co-generation in order to increase productivity, limit production costs, and compete with the prices of international producers. As noted, the foreign currency requirement for this is between \$41 and \$52 million and, if realized, would create about 1,000 jobs. The steady increase in the number of investment incentives is also evidence of the revitalization of the industry.

In 2002, the largest scale expansion incentive was by Paksel Kimya Sanayi in the hygienic paper sub-sector--diapers, feminine pads, and toilet paper. The Turkish Government issued four incentives in the first two months of 2002. One of them was issued to the cleaning industry giant, Evyap, to open a hygienic paper production plant in Tuzla. The foreign currency needed for this new investment was determined to be \$28.6 million. Another hygienic plant, Hayat Kagit, recently received an investment incentive to establish a co-generation unit for its plant.

According to the records of the Under Secretariat of the Treasury, as of February 2003, the paper production industry had 25 foreign capital companies operating in Turkey.

U.S. suppliers enjoy an excellent reputation here for quality and reliability. U.S. market share can be maintained by aggressive marketing, accompanied by suitable financial packages. However, U.S. firms are likely to face stiff competition from Europe and China, who can be expected to increase their market share due to their competitive prices, attractive credit terms, and modern technology.

### **Market Entry**

U.S. companies that wish to operate successfully in the Turkish market through an authorized agent/distributor should ensure that the following conditions are met:

- Make full, long-term and steady commitments.
- Be aggressive and flexible. According to importers/distributors, lack of good credit and short-term financing packages are the biggest weaknesses of U.S. competitors in the Turkish market.
- Pricing and payment terms must compete with European and Far Eastern prices, which is difficult in some cases given the disadvantage of higher shipping costs. European firms, which have a longer history of trading with Turkish buyers, usually are more flexible in accepting deferred payments – a common request by Turkish importers.
- Provide adequate after-sales follow-up regarding supply amounts, movement of products, and demand for other products.

- Be prompt in answering requests for information, quotations and additional materials – by facsimile or electronic mail.
- Provide seminars, presentations, and/or participation in local exhibitions, where appropriate.
- Consider inviting and sponsoring Turkish professionals to attend U.S. conferences and other trade events.
- Consider including non-traditional items (such as toys, CD-ROMs, videos) along with office and school supply inventory.
- Cultivate sales through the Internet, as long as products offered are competitive in terms of quality and price.

A reputable agent/distributor with good market contacts can provide important and timely information often not readily available through common sources. In view of complicated import procedures, it is nearly impossible to effectively sell without a competent agent, unless the foreign supplier decides on a joint venture partnership. Selecting the appropriate representative is critically important and U.S. companies should conduct appropriate due diligence and consult with the U.S. Commercial Service before signing a representative agreement. Turkish agents should have very good contacts in the market in order to identify new sales channels for the American exporter. Turkey conforms to European standards for paper size, typically A4.

U.S. companies are encouraged to identify aggressive agents that can provide local knowledge and market access. A reputable representative with good market contacts can provide important and timely information. American firms can utilize U.S. Department of Commerce services to find an appropriate agent/distributor through the International Partner Search (IPS) and Gold Key Service (GKS), available through CS Turkey. American exporters can find more information about particular Turkish firms by visiting the closest U.S. Department of Commerce Export Assistance Center (USEAC) and ordering an International Company Profile (ICP) report, which will be prepared by CS Turkey.

Agency agreements are considered contracts in Turkey and are governed by Chapter VIII, Articles 116 and 1134 of the Turkish Commercial Code No. 6762, dated June 29, 1956. Under this law, either party may, with three months notice, terminate an agency contract made for an unspecified period. The principal representative relationship may also be terminated due to bankruptcy or death. The principal would then pay compensation for outstanding work.

For government office supplies, the Turkish Government agencies procure services through tenders, whereas private companies may use services of the companies of their choice. Firms bidding on government tenders should familiarize themselves with Turkish Public Procurement legislation (Public Procurement Law #4734) prepared by the Public Procurement Authority (<http://www.kik.gov.tr>). Strict administrative specifications must be followed, including financial rules. Otherwise, their bids may be rejected. Government tenders usually involve bid bonds (at three percent) and performance bonds (six percent). The bonds are based on contract value and must be guaranteed by a commercial bank.

Foreign investment in Turkey is encouraged by the government and receives a number of incentives such as customs exemption, investment allowances in the form of corporate tax exemption, subsidized credit facilities, land allocation, etc. It requires the approval of the Foreign Investment Department of the Under Secretariat for Treasury. Joint ventures with Turkish companies are subject to the same regulations. Joint ventures with local firms can benefit from government incentives, the experience of the company in the local market, and established customer connections of a local partner.

In dealing with Turkish distributors, U.S. exporters should consider that payment in public tenders could be delayed from six to twelve months. Payment flexibility and/or supplier financing can improve competitive position and interest. The standard payment for imported materials and equipment is by a letter of credit (L/C). This method is commonly used when the transaction involves companies that have had no previous experience with each other, since fees for handling a L/C are normally paid by the buyer. For this reason, Turkish importers sometimes prefer cash against documents. Many Turkish companies enjoy open credit terms of up to 90 days from companies with whom they have established good business relations. Credit

insurance may be available from the Export-Import Bank of the United States, which lists Turkey as its fourth largest market.

## Market Issues & Obstacles

Problems of the Paper and Paperboard Industry:

- Prices for printing and publishing papers for educational purposes are determined by the government, resulting in unrealistic price policies for the industry.
- The industry suffers from low margins due to the high inflation environment, since inflation cannot be reflected in sales prices in order to retain competitiveness. Thus, capacity is under-utilized.
- There are no special customs regulations for paper, resulting in poor quality and under-priced products entering the Turkish market.
- The utilization rate of forestry resources is a mere 6 percent of total wood consumption in the paper industry.

Industrialists suggest improvement through privatization and tree farms (These can be cut after 12 years, whereas other forestry products cannot be cut before 20-70 years. Despite this, Turkish industrialists claim they are not in a strong enough position to make such investments even though they are obviously justified.)

## Trade Events

Related upcoming trade shows in Turkey are:

### Gida

#### International Food, Beverage, Food Ingredients and Food Processing Exhibition

Date: November 2007

Subject: Food Sector

Venue: CNR World Trade Center

### ITF Group

#### CNR Dunya Ticaret Merkezi

Yesilkoy, Istanbul, Turkey

Tel: [90] (212) 465-7475

Fax: [90] (212) 465-7476-77

Web-Site: [www.cnr.tr](http://www.cnr.tr) - [www.cnrexpo.com](http://www.cnrexpo.com) - [www.itf-exhibitions.com](http://www.itf-exhibitions.com)

E-Mail : [cnrfairorg@superonline.com](mailto:cnrfairorg@superonline.com)

CNR is Turkey's top international trade show organizer. With trade shows in industries such as defense (IDEF), automotive, packaging, food processing, textile, leather ware, promotional giftware and electronics. CNR continues to provide the business community with value added services.

The fair features super, hyper and wholesale markets where paper and paper-related products are used.

### Other Trade Shows

#### **Istanbul Ambalaj Fuarı**

##### **(Istanbul Packaging Industry Fair)**

Tuyap Fuar ve Kongre Merkezi

(Tuyap Convention and Congress Center)

34522 Beyliduzu, Istanbul, Turkey

Tel: [90] (212) 886-6843 (70 Lines)

Fax: [90] (212) 886-6738

Web-Site: [www.tuyapfair.com](http://www.tuyapfair.com)

E-Mail: [sales@tuyap.com](mailto:sales@tuyap.com)

Contact: Ms. Oya Akgun Sales Group Manager

### **Resources & Key Contacts**

Below is a list of key contacts, addresses, telephone and fax numbers and fields of activity that may be of value to potential U.S. exporters. Representatives of foreign suppliers should be in regular contact with these organizations.

### Turkish Government

#### **Devlet Malzeme Ofisi, DMO**

##### **(State Procurement Office)**

##### **Genel Mudurlugu**

Inonu Bulvari No. 18

06100 Yucetepe, Ankara, Turkey

Tel: [90] (312) 410-3000

Fax: [90] (212) 418-7128 – (312) 418-1361

Web-Site: [www.dmo.gov.tr](http://www.dmo.gov.tr)

E-Mail: [dmo@dmo.gov.tr](mailto:dmo@dmo.gov.tr)

Contact: Mr. Ahmet Yalcinkaya, Director General

This government agency is responsible for purchasing and distributing all supplies for public sector offices in Turkey.

#### **Turkish Pulp and Paper Mills Inc. (SEKA)**

##### **(Turkiye Seluloz ve Kagit Fabrikalari Anonim Sirketi)**

41240 Izmit, Kocaeli, Turkey

Tel: [90] (262) 322-3190 – 8 Lines

Fax: [90] (262) 322-0074 – (262) 322-3235

Web-Site: [www.seka.gov.tr](http://www.seka.gov.tr)

E-Mail: [seka@seka.gov.tr](mailto:seka@seka.gov.tr)

SEKA, established in 1934, is the state-owned paper and pulp producer, with 36 production companies.

### Chambers of Commerce and Industry

All businesses in Turkey must belong to local chambers, which operate independently under the umbrella of the Union of Chambers. Major chambers are good sources of information on business in their localities and on investment, import, export, and other facets of doing business in Turkey. Chambers of Commerce cover all Turkish importers, exporters, agents, distributors and representatives, while Chambers of Industry cover manufacturers.

**Ankara Ticaret Odasi**  
**(Ankara Chamber of Commerce)**  
Eskisehir Yolu Uzeri II. Cadde No. 5  
06530 Sogutozu, Ankara, turkey  
Tel: [90] (312) 285-7950/54  
Fax: [90] (312) 286-2764  
Web-Site: [www.ato.org.tr](http://www.ato.org.tr)  
E-Mail: [distic@atonet.com](mailto:distic@atonet.com)

**Ankara Sanayi Odasi**  
**(Ankara Chamber of Industry)**  
Ataturk Bulvari 193-4  
06680 Kavaklidere, Ankara, turkey  
Tel: [90] (312) 417-1200/04  
Fax: [90] (312) 417-2060 – (312) 417-5205  
Web-Site: [www.aso.org.tr](http://www.aso.org.tr)  
E-Mail: [baskan@aso.org.tr](mailto:baskan@aso.org.tr)

**Istanbul Ticaret Odasi**  
**(Istanbul Chamber of Commerce)**  
Seyh Mehmet Geylani Mah.  
Resadiye Caddesi Yalikosku Konagi Sokak  
34378 Sirkeci, Istanbul, Turkey  
Tel: [90] (212) 455-6000  
Fax: [90] (212) 513-1565  
Web-Site: [www.ito.org.tr](http://www.ito.org.tr)  
E-Mail: [ito@ito.org.tr](mailto:ito@ito.org.tr)

**Istanbul Sanayi Odasi**  
**(Istanbul Chamber of Industry)**  
Mesrutiyet Caddesi No. 118  
80050 Tepebasi, Istanbul, Turkey  
Tel: [90] (212) 252-2900/09  
Fax: [90] (212) 249-3963  
Web-Site: [www.iso.org.tr](http://www.iso.org.tr)  
E-Mail: [iso@iso.org.tr](mailto:iso@iso.org.tr)

#### Associations

**Tum Kirtasiye Ithalatcilari, Imalatcilari, Toptancilari Dernegi (TUKIAD)**  
**(All Stationery Importers, Manufacturers and Wholesalers Association)**  
Tahtakale Caddesi Menekse Han, Kat 3 No.32  
Eminonu, Istanbul, Turkey  
Tel: [90] (212) 511-7657 – (212) 221-3139  
Fax: [90] (212) 528-6747  
Web-Site: Being Prepared  
E-Mail: [bilgi@tukiad.org.tr](mailto:bilgi@tukiad.org.tr)  
Contact: Mr. Levent Artan, Secretary General

Private-sector association of about 200 importers and producers, 500 wholesalers and 50,000 sales outlets in the stationery sector.

**Yayincilar Birliđi (Publishers Association)**

Prof. Kazim Ismail Gurkan Caddesi  
Ortaklar Han 12/3  
Cagaloglu, Istanbul, Turkey  
Tel: [90] (212) 512-5602  
Fax: [90] (212) 511-7794  
Web-Site: [www.turkyay1.org.tr](http://www.turkyay1.org.tr)  
E-Mail: [info@turkyay1.org.tr](mailto:info@turkyay1.org.tr)  
Contact: Mr. Akin Dirik, Secretary General

The association has 250 members who are publishers and distributors of books.

**Kitapcilar Dernegi (Book Publishers Association)**

Ankara Caddesi No. 31  
Prof. Fahrettin Kerim Gokay Han Kat 4  
34410 Sirkeci, Istanbul, Turkey  
Tel: [90] (212) 511-3027  
Fax: [90] (212) 511-3027  
E-Mail: [kitapder@inkilap.com](mailto:kitapder@inkilap.com)  
Contact: Mr. Fikri Arman

The association was established in 1991 and has 1,061 members who are publishers.

**Vakum Ambalaj Sanayi Ticaret Sitketi**

Otosansit Sanayi Sitesi  
32 Blok No. 52-52  
Yildirim, Bursa, Turkey  
Tel: [90] (223) 346-0100  
Fax: [90] (224) 346-0161  
Web-Site: [www.vakumsan.com](http://www.vakumsan.com)  
E-Mail: [info@vakumsan.com](mailto:info@vakumsan.com)

Products: PVC coil and packaging. Firm has 22 years in the packaging sector, manufactures raw material for selling and packaging industry. It is located in Bursa and can also manufacture machinery needed for the textile sector.

**KASAD-Karton Ambalaj Sanayicileri Dernegi  
(Carton and Packaging Association)**

Dogu Sanayai Sitesi, Yonetim Binasi, 3 Kat  
Yenibosna 34197 Istanbul, Turkey  
Tel: [90] (212) 451-4757  
Fax: [90] (212) 451-4786  
Web-Site: [www.kasad.org](http://www.kasad.org)E-Mail: [kasad@kasad.org](mailto:kasad@kasad.org)  
E-Mail: [kasad@kasad.org](mailto:kasad@kasad.org)  
Contact: Mr. Teoman Biyikoglu, Secretary General

This association organizes activities encouraging widespread use of paper and carton packaging. It also organizes promotional events for the packaging industry.

**Ambalaj Sanayicileri Derneği  
(Packaging Manufacturers Association)**

Katip Salih Sokak No. 13  
Kadikoy, Istanbul, Turkey  
Tel: [90] (216) 545-4948  
Fax: [90] (216) 545-4947  
Web-Site: [www.ambalaj.org.tr](http://www.ambalaj.org.tr)  
E-Mail: [asd@ambalaj.org.tr](mailto:asd@ambalaj.org.tr)

**Omud Corrugated Board  
Manufacturers Association**

Atatsehir Bulvari 42 QA-K Ada  
Gardenya Plaza (Baytur Plaza)  
3/13 Blik, Kat 6, Daire 38  
Atatsehir, Istanbul, Turkey  
Tel: [90] (216) 456-3631-32  
Fax: [90] (216) 456-3633  
Web-Site: [www.omud.org.tr](http://www.omud.org.tr)  
E-Mail: [omud@omud.org.tr](mailto:omud@omud.org.tr)

This association was established in 1989; it has 103 members representing 53 companies. It is a member of the Avrupa Oluklu Mukavva Sanayiciler Ferderasyonu (European Federation of Corrugated Board Manufacturers (FEFCO)).

**Paper-Carton Board Packaging  
Manufacturers Association**

Dolu Sanayi Sitesi Yonetim Binasi 3 Kat  
34530 Yenibosan, Istanbul, Turkey  
Tel: [90] (212) 451-4757  
Fax: [90] (212) 451-4786  
Web-Site: [www.kasad.org](http://www.kasad.org)  
E-Mail: [kasad@kasad.org](mailto:kasad@kasad.org)

**Turkish Flexible Intermediate Bulk Containers Association (TURKFIBCA)**

Avni Dilligil Sokak No. 2  
80300 Mecideykoy, Istanbul, Turkey  
Tel: [90] (212) 274-6868  
Fax: [90] (212) 266-4081  
Web-Site: [www.debant.com](http://www.debant.com)  
E-Mail: [debant@debant.com](mailto:debant@debant.com)

**Label Manufacturers Association**

Tercuman Sitesi A-10 Blok , Kat 3 D. 16  
Cevizlibag, Istanbul, Turkey  
Tel: [90] (212) 274-6868  
Fax: [90] (@12) 266-4081  
Web-Site: [www.Debant.com](http://www.Debant.com)  
E-mail: [debant@debant.com](mailto:debant@debant.com)



**Can Manufacturers and Businessmen Association**

Nispetiye Caddesi Ozden Is Merkezi No. 14/3  
34330 Levent, Istanbul, Turkey  
Tel: [90] (212) 510-3334  
Fax: [90] (212) 510-3286  
Web-Site: [www.asiad.net](http://www.asiad.net)  
E-Mail: [ilhamikarayalcin@tnn.net](mailto:ilhamikarayalcin@tnn.net)

**General Secretariat of Istanbul  
Minerals and Metals Exporters' Association**

Dis Ticaret Kompleksi A Blok  
Cobancesme Mevkii Sanayi Cad.  
Yenibosna, Bahcelievler, Istanbul, Turkey  
Tel: [90] (212) 454-0000  
Fax: [90] (212) 454-4001  
Web\_site: [www.immib.org.tr](http://www.immib.org.tr)  
E-Mail: [immib@immib.org.tr](mailto:immib@immib.org.tr)

**Ulusal Franchising Dernegi (UFRAD)  
(Turkish Franchising Association)**

Istiklal Caddesi, Hasnun Galip Sokak No. 13  
Taksim, Istanbul, Turkey  
Tel: [90] (212) 249-6227  
Fax: [90] (212) 249-6202  
Web-Site: [www.ufrad.org.tr](http://www.ufrad.org.tr)  
E-Mail: [ufrad@ufrad.org.tr](mailto:ufrad@ufrad.org.tr)  
Contact: Mr. Mahir Saranga, Chairman of the Board

This association has 35 members and 12 associate members. It is responsible for assisting existing and prospective Turkish and foreign franchise operations in all aspects of their business in Turkey. UFRAD acts as a liaison between franchises and the government, promotes the concept of franchising, issues various pertinent publications and catalogs, and annually publishes a Turkish franchising directory of successful brands and chain stores. UFRAD is a member of the International Franchising Association (IFA).

**Franchise and More**

Yesil Plaza Kat 6  
Cevizlibag, Istanbul, Turkey  
Or Ataturk Caddesi Zeren Sokak 2/2  
Zumrutevler, Istanbul, Turkey  
Tel: [90] (212) 482-4412 – (212) 383-2666  
Web-Site: [www.franchisemore.com](http://www.franchisemore.com)  
E-Mail: [post@franchisemore.com](mailto:post@franchisemore.com)  
Contact: Mr. Osman Fail Bilge

Firm provides consultancy on franchising in different sectors.

**Foreign Investors Association of Turkey (YASED)**

Barbaros Bulvari, Murbasan Sk  
Koza Is Merkezi B Blok Kat 1  
Besiktas 80700 Istanbul, Turkey  
Tel: [90] (212) 272-5094  
Fax: [90] (212) 274-6664  
Web-Site: [www.yased.org.tr](http://www.yased.org.tr)

E-Mail: [yased@superonline.com](mailto:yased@superonline.com)

Contact: Dr. Abdurrahman Ariman, Secretary General

YASED monitors foreign direct investment in Turkey, works with multinational companies and the Turkish government to improve the investment climate, and provides input to the government on proposed changes in the laws structuring investments.

**Export Promotion Center (IGEME)**

**Republic of Turkey Prime Ministry**

**Underseretariat of Foreign Trade**

**Research and Development Directorate**

Mitapasa Caddesi No.60  
0640 Kizilay, Ankara, Turkey  
Tel: [90] (312) 417-2223  
Fax: [90] (312) 417-2233  
Web-Site: [www.igeme.gov](http://www.igeme.gov)  
E-Mail: [igeme@igeme.gov.tr](mailto:igeme@igeme.gov.tr)

Contact: Ms. Songul Beltasoglu, Research and Development Directorate

The Export Promotion Center publishes reports on different sectors in Turkey.

Publications

**Kirtasiye**

**(Stationery, Office Products)**

**MediaForce**

CNR Uluslararası Fuar Merkezi  
Ataturk Havalimanı Karsisi D.T.I.  
34830 Yesilkoy, Istanbul, Turkey  
Tel: [90] (212) 663-0700  
Fax: [90] (212) 663-6979

Web-Site: [www.ere.com.tr](http://www.ere.com.tr)

E-Mail: [info@mediaforceonline.com](mailto:info@mediaforceonline.com)

Contact: Mr. Koksai Bayramoglu, Publisher

The Stationery and Office Products' bi-monthly magazine has been published since 1993. The magazine lists wholesalers, retailers of office and school type stationery and books, producers, importers, exporters, and representatives.

**For More Information**

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[www.csturkey.com](http://www.csturkey.com) - [www.BuyUSA.com](http://www.BuyUSA.com)

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